

Docket
02-01073

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BellSouth Telecommunications, Inc.
Suite 2104
333 Commerce Street
Nashville, TN 37201-3300

T.R.A. DOCKET ROOM

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Regulatory Vice President

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July 3, 2003

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TN REGULATORY AUTHORITY
TELECOMMUNICATIONS DIVISION

Mr. Joe Werner, Chief
Telecommunications Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee

03-729
~~02-256~~

Dear Mr. Werner:

SUBJECT: Tariff to Introduce BellSouth® SWA Pricing Flexibility - Tariff No. 2002256
Docket 02-01073

BellSouth Telecommunications, Inc. is hereby withdrawing its Tariff filed on September 13, 2002, and replacing that Tariff, in its entirety, with the attached Tariff issued July 3, 2003. We request that this revised Tariff be effective August 4, 2003.

Access Services Tariff

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This Tariff is being filed to introduce BellSouth® SWA Pricing Flexibility. This filing is consistent with a settlement reached between BellSouth, AT&T and Birch. Additional details can be found in the Executive Summary that is included in this package.

Since this filing introduces a new service, supporting Price Regulation calculations are not required. Supporting cost information is being filed as proprietary information under separate cover.

We appreciate your returning a receipted copy as evidence of this tariff filing. Please call Paul Stinson at 214-3839 if you have any questions or wish to discuss.

Yours truly,

Paul Stinson /for

Attachments

EXECUTIVE SUMMARY

Introduction

With this filing, the Tennessee intrastate Access Services Tariff is being revised to introduce a new tariff section, Section 26 – BellSouth SWA Contract Tariffs.

Description of Present Tariff

Tennessee's current intrastate Access Services Tariff does not offer BellSouth SWA Contract Tariff.

Description of Proposed Tariff

BellSouth SWA Contract Tariffs will enable BellSouth to offer its Interexchange Carrier (IXC) customers intrastate contract tariffs that are based upon a customer's annual usage commitment level and its actual usage achievement relative to that commitment. BellSouth SWA Contract Tariff No. TN2003-01 provides a volume and term discount plan with a 1 or 2 year contract term for selected BellSouth SWA Local Switching services. The rates and charges for Local Switching services included in BellSouth SWA Contract Tariff No. TN2003-01 are set forth in E6 of BellSouth's Access Services Tariff.

BellSouth will maintain generally available (tariffed) Access Services. Additionally, the service functionality (not the pricing structure) offered in BellSouth SWA Contract Tariffs will also be generally available in the Access Services Tariff.

Demand Development

The annual usage commitment level is based upon the projected year 1 local switching usage utilizing the customer's most recent available 12 months local switching usage prior to the beginning of the term. Each customer's annual commitment level usage will determine the discount the customer is eligible for. For each year of the term, the actual volume discount is based upon the annual usage commitment level, the achieved usage for that year, and the year of the term.

Rationale for Change

BellSouth SWA Contracts Tariffs are designed to encourage utilization of BellSouth switched network by providing a volume discount incentive. BellSouth SWA Contract Tariffs offer a win-win opportunity for the customer and the Company. The customer will receive a discount on eligible BellSouth SWA revenue based upon an annual usage commitment level. The Company's benefit is retention of the customer's usage on its switched network.

Revenue Impact

The BellSouth SWA Pricing Flexibility Service is designed to retain the existing customer on BellSouth's switched network. The revenue impact of introducing BellSouth SWA Contract Tariff is entirely dependent upon the customer's performance.

Impact on Customers

BellSouth Telecommunications, Inc.
Tennessee
Attachment A

BellSouth SWA Contract Tariff TN2003-01 provides for yearly discounts based upon achievement versus the customer's commitment. Volume discounts, in the form of an annual credit, are achieved based upon the annual usage commitment level and the year of the contract term in which the usage is achieved.

BELLSOUTH
TELECOMMUNICATIONS, INC.
TENNESSEE
ISSUED: July 3, 2003
BY: President - Tennessee
Nashville, Tennessee

ACCESS SERVICES TARIFF

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EFFECTIVE: August 4, 2003

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(N)

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TELECOMMUNICATIONS, INC.
TENNESSEE
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ACCESS SERVICES TARIFF

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(N)

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E26. BELLSOUTH SWA CONTRACT TARIFFS

E26.1 Reserved For Future Use

E26.2 BellSouth SWA Contract Tariff No. TN2003-01

E26.2.1 General Regulations

- A. The start date of BellSouth SWA Contract Tariff No. TN2003-01 is the first bill period following execution of the Letter of Agreement with the customer. (N)
- B. Customers may choose either a one or two year agreement that terminates upon completion. (N)
- C. The regulations, terms, conditions and volume discounts provided herein shall apply to the customer's applicable BellSouth SWA usage and revenues achieved in the state of Tennessee. (N)

E26.2.2 Subscription Conditions

- A. To subscribe to BellSouth SWA Contract Tariff No. TN2003-01, the customer and BellSouth must execute a Letter of Agreement. BellSouth shall provide a Letter of Agreement for the customer to execute. The Letter of Agreement shall contain:
 - 1. BellSouth SWA Contract Tariff No. TN2003-01 tariff reference (N)
 - 2. Start and termination date (N)
 - 3. Customer's name and billing address (N)
 - 4. Billing Account Number the credit will be applied (N)
 - 5. Access Customer Name Abbreviations (ACNAs) and Customer Identifications Codes (CICs) to be included in the BellSouth SWA Contract Tariff No. TN2003-01 (N)
 - 6. BellSouth SWA Contract Tariff No. TN2003-01 term (i.e., one or two years) (N)
 - 7. Commitment Level usage (N)
- B. To subscribe to BellSouth SWA Contract Tariff No. TN2003-01, the customer must have been a BellSouth SWA customer for the previous twelve (12) months. (N)
- C. The customer's most recent twelve (12) months local switching usage will be projected forward for twelve (12) months. The customer's annual usage commitment level will be a minimum of 90 percent of this projection. (N)
- D. When the customer subscribes to BellSouth SWA Contract Tariff No. TN2003-01, the customer must identify to the Telephone Company, all Access Customer Name Abbreviations (ACNAs) and Carrier Identification Codes (CICs) to be included in BellSouth SWA Contract Tariff No. TN2003-01. (N)
- E. The customer must be the billing responsible party for all BellSouth SWA billing elements associated with the ACNAs and CICs included in the Letter of Agreement. (N)
- F. Any additions after the Letter of Agreement is executed will be handled as a merger or acquisition or transfer of service regulations as set forth in E26.2.3 following. (N)
- G. A customer subscribing to BellSouth SWA Contract Tariff No. TN2003-01 may not subscribe to any other BellSouth SWA Contract Tariff for the services as set forth in H. following. (N)
- H. The following BellSouth SWA services will be used in determining the BellSouth SWA revenues that are eligible to receive the volume discount based on the established local switching usage Commitment Level.
 - 1. Local Switching
 - Local Switching 1 (N)
 - Local Switching 2 (N)
 - Local Switching 3 (N)
 - Local Switching 4 (N)
- I. A customer may not combine its local switching minutes of use with another customer, whether an individual, partnership, association or corporation, for the purpose of meeting the established minimum local switching usage, as set forth in E26.2.5.B. following. (N)

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ACCESS SERVICES TARIFF

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E26. BELLSOUTH SWA CONTRACT TARIFFS

E26.2 BellSouth SWA Contract Tariff No. TN2003-01 (Cont'd)

E26.2.2 Subscription Conditions (Cont'd)

J. Cancellation of BellSouth SWA Contract Tariff No. TN2003-01

1. Except as set forth in 2. following, during the term period of BellSouth SWA Contract Tariff No. TN2003-01 as defined by the customer's Letter of Agreement, a customer who cancels this BellSouth Contract Tariff No. TN2003-01 is subject to shortfall and termination liability as described in E26.2.5, following.
2. A customer who cancels this BellSouth SWA Contract Tariff No. TN2003-01 under this paragraph is subject only to shortfall calculations of E26.2.5, following. Cancellation of BellSouth SWA Contract Tariff No. TN2003-01 and subscription to another BellSouth SWA Contract Tariff is allowed only on the anniversary date as defined by the customer's Letter of Agreement and upon meeting the condition below. At a minimum, the term of the new Letter of Agreement will be the remaining term of the initial Letter of Agreement.

a. Customer adds CIC codes that are desired to become part of the volume discount contract tariff.

- K.** The services to which the incentives set forth in this BellSouth SWA Contract Tariff No. TN2003-01 apply, are obtained from Section E6. of this Tariff. The Telephone Company reserves the right to change the terms, conditions, rates, and charges applicable for services in Section E6. or other sections of this Tariff during the term of this Contract Tariff unless otherwise specified in this Contract Tariff. General regulations and ordering options for the BellSouth SWA services are as set forth in Sections E2. and E5. of this Tariff.

E26.2.3 Mergers and Acquisitions and Transfer of Service

- A.** In the event the customer merges with another company or is acquired by another company; the following regulations will apply:

1. The customer may elect to terminate subscription to BellSouth SWA Contract Tariff No. TN2003-01. A customer who cancels subscription to BellSouth SWA Contract Tariff No. TN2003-01 is subject to shortfall and termination liability as described in E26.2.5, following.
2. The customer may not combine revenues with the merged or acquired company's revenues for the purpose of obtaining volume discounts provided under BellSouth SWA Contract Tariff No. TN2003-01.
3. The customer may continue subscribing to BellSouth SWA Contract Tariff No. TN2003-01 for the duration of the term provided that the customer continues the subscription as if it were the same entity that existed prior to the merger or acquisition.

- B.** If customer requests a transfer of service, pursuant to Transfer of Service regulations in Sections E2. and E6. of this Tariff, the customer's subscription to BellSouth SWA Contract Tariff No. TN2003-01 shall be terminated.

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E26. BELLSOUTH SWA CONTRACT TARIFFS

E26.2 BellSouth SWA Contract Tariff No. TN2003-01 (Cont'd)

E26.2.4 BellSouth SWA Revenue Volume Discounts

- A. Each year of the customer's Letter of Agreement is defined as twelve (12) consecutive bill periods following the beginning date of the Letter of Agreement. For purposes of calculating the BellSouth SWA volume discounts, month one (1) is the first complete bill period after the beginning date of the Letter of Agreement. For example, if the beginning date of the Letter of Agreement is June 6, 2003 bill period, and the bill period is the twelfth, then month one (1) for purposes of calculating the BellSouth SWA volume discounts will be the July 12, 2003 bill period.
- B. The BellSouth SWA Pricing Flexibility volume discounts provided herein will be determined during the first month after the end of each year of the customer's Letter of Agreement. During the second month following the end of each year of the Letter of Agreement, the BellSouth SWA volume discounts will be applied via a credit to the customer's bill.
- C. The BellSouth SWA volume discounts are applicable to the BellSouth SWA services as set forth in E26.2.2.H. preceding.
- D. The BellSouth SWA volume discounts specified in BellSouth SWA Contract Tariff No. TN2003-01 will not be applied to taxes and nonrecurring BellSouth SWA revenues.

E26.2.5 BellSouth SWA Contract Tariff No. TN2003-01 Volume Discount Plan

- A. BellSouth SWA Contract Tariff No. TN2003-01 provides for annual volume discounts based upon annual local switching minutes of use (MOU) above a stated minimum usage achieved, and the Commitment Level and term year as defined in the Letter of Agreement. Discounts are achieved in term years when the achieved local switching volume is equal to or above a Commitment Level usage. When equaled or exceeded, discounts are applied to the Commitment Level usage.
- B. The Commitment Level usage and the achievable volume discounts associated with the BellSouth SWA services are shown in the table below. Volume discounts are not applicable to any usage levels outside of the MOU usage ranges stated in table below:

Annual Usage Commitment Level and Discounts		
Commitment Level MOUs	Year 1 Discounts	Year 2 Discounts
> 50M to 100M	0.7%	1.2%
> 100M to 300M	1.3%	1.8%
> 300M to 500M	2.7%	3.2%
> 500M to 700M	4.0%	4.5%
> 700M to 900M	5.4%	5.9%
> 900M	6.7%	7.2%

- C. The volume discount received for a given year under BellSouth SWA Contract Tariff No. TN2003-01 is determined by multiplying the eligible BellSouth SWA revenue associated with the Commitment Level usage, times the discount percentage achieved as determined in A. preceding.

The following example demonstrates application of the discount:

Customer Annual Commitment Level – 300M minutes of use

Achieved Volume – 310M minutes of use

Contract Year – first year of a one-year contract

All usage is Local Switching 2

Local Switching 2 rate - \$.002128/minute

From Table – applicable discount is 2.7 percent

Therefore:

Volume Discount = Eligible Revenue X Discount Rate

Volume Discount = (300M minutes X \$.002128/minute) X 2.7 percent

Volume Discount = \$17,237

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E26. BELLSOUTH SWA CONTRACT TARIFFS

E26.2 BellSouth SWA Contract Tariff No. TN2003-01 (Cont'd)

E26.2.5 BellSouth SWA Contract Tariff No. TN2003-01 Volume Discount Plan (Cont'd)

- D. When the Commitment Level usage volume is not met during a year of the term, a shortfall liability is incurred by the customer. The shortfall usage is equal to the difference in the customer's Commitment Level and the achieved local switching usage volume. The shortfall liability would be equal to the shortfall usage, times the customer's average local switching rate per MOU. The customer's average local switching rate per MOU is equal to revenue generated from the local switching usage rate elements as described in E26.2.2.H preceding, divided by the achieved local switching usage volume.

The following example demonstrates application of shortfall:

Customer Annual Commitment Level – 500M minutes of use

Achieved Volume – 495M minutes of use

Contract Year – first year of a one-year contract

All usage is Local Switching 2

Local Switching 2 rate - \$.002128/minute

Therefore:

Shortfall Usage = Commitment Level – Achieved Volume

Shortfall Usage = 500M minutes – 495M minutes

Shortfall Usage = 5M minutes

Shortfall Liability = Shortfall Usage X Avg Local Switching Rate

Shortfall Liability = 5M minutes X \$.002128/minute

Shortfall Liability = \$10,640

- E. In the event of an early termination of the contract, shortfall usage calculations will be based upon the monthly usage values which comprise the annual Commitment Level. If upon comparing the shortened term commitment to the achieved usage level, a shortfall usage is determined to exist, then a shortfall liability is incurred. The shortfall liability will be calculated as described in D. above.
- F. A termination liability is incurred when a customer terminates the agreement before the end date of the agreement. The termination liability is equal to 90 percent of the volume discount received during the term of the agreement.
- G. This BellSouth SWA Contract Tariff No. TN2003-01 will also provide, as a one-time promotional offer, that the customer may obtain a partial prepayment of the first annual SWA Pricing Flexibility volume discount. To qualify for this prepayment, the customer must subscribe to this plan via a Letter of Agreement (LOA) to begin no later than 30 days after the effective date of the tariff. Using the customer's usage between the commencement of this LOA and December 4, 2003, BellSouth will determine if the customer is on track to earn the discount described at the end of the first year of the LOA. If so, BellSouth will calculate by December 15, 2003, the prorated volume discount and remit to the subscriber the prepayment of this pro rata volume discount as soon as practical thereafter. At the end of the first year of the LOA, if an annual credit has been earned, the prepayment will be subtracted from this annual volume discount amount. If, at the end of the first year, the volume discount has not been earned, then the prepayment shall be returned to BellSouth with interest calculated for the period during which the prepayment was held by the customer (Interest equals prime plus two percent – the prime interest rate is that rate which is effective at the end of the first year of the LOA.).